

BENEFITS OF THE SB/DVBE OPTION TO INCREASE SB/DVBE PARTICIPATION

"California has over one million small businesses which employ more than 6.8 million people, this represents 98 percent of all California enterprises and employs more than 50 percent of our workforce."

—Governor Arnold
Schwarzenegger
March 29, 2006

California State Agencies and Departments may use a streamlined procurement process known as the **SB/DVBE Option** by contracting directly with a California-certified small business (SB) or Disabled Veterans Business Enterprise (DVBE) for goods, services, and information technology valued between \$5,001 and \$99,999 after obtaining price quotes from at least two such

businesses. For public works projects, the contract value can be up to \$131,000.

The SB/DVBE Option can be an outstanding procurement tool for Agencies and Departments to actively pursue and/or exceed the Governor's 25% small business participation and 3% DVBE participation in the procurement process.

Program Overview

Competition is one of the basic tenets in the State procurement process. The nature of effective competition varies with the goods and services being acquired. Depending upon decisions made during the planning phase, the procurement may be informal or formal, the selected competition method may be a phone call or a written solicitation document, distributed by fax, electronic mail or regular mail, depending on the procurement value.

Procurement activities must be conducted in an open and fair environment that promotes competition among prospective suppliers.

Government Code section 14838.5 (a) and (b) enables a department to conduct a competitive solicitation valued at \$5,000.01 through \$99,999.99 that targets only certified Small Business or certified DVBEs.

GC section 14838.5 eliminates the advertising requirement for transactions awarded to a certified Small Business or a certified DVBE when conducting a SB/DVBE Option solicitation.

Developing Bid Lists for the SB/DVBE Option

Agencies and Departments should establish bidder lists using a variety of means to locate potential suppliers. Departments should vary the use of suppliers they select for competition to broaden their supplier base and should solicit certified SBs and certified DVBEs whenever possible. Departments can identify and/or establish bid lists by using phone books, local trade unions, chambers of commerce, industry listings, LPA databases (CMAS suppliers and Statewide Checklist resources), Certified SB and DVBE firms database, and recommendations from customers.

The suppliers you contact must be those that you know, through either investigation or experience, potentially provide the goods or services that you seek. Use a Request for Interest (RFI) to separate suppliers who intend to participate in an upcoming solicitation from those who have no interest in participating. RFIs are typically used when there is an excessively large pool of interested suppliers.

An RFI may also be used to *survey* the marketplace to understand what products or services may be available and to approximate the dollars that may be needed for a procurement.

For more details visit us online at www.dgs.ca.gov/smbus/sbcert.htm
E-mail questions to osdchelp@dgs.ca.gov or call (916) 375-4940

